UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77369 / March 15, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4352 / March 15, 2016

INVESTMENT COMPANY ACT OF 1940
Release No. 32027 / March 15, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17170

In the Matter of

CENTRAL STATES CAPITAL MARKETS, LLC; MARK R. DETTER; DAVID K. MALONE; AND JOHN D. STEPP,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(b)(4), 15(b)(6), 15B(c)(2), 15B(c)(4), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(e) AND 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Central States Capital Markets, LLC ("Central States" or "Respondent Central States") pursuant to Sections 15(b)(4), 15B(c)(2), and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203(e) of the Investment Advisers Act of 1940 ("Advisers Act"); against Mark R. Detter ("Detter" or "Respondent Detter") and David K. Malone ("Malone" or "Respondent Malone") pursuant to Sections 15(b)(6), 15B(c)(4), and 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act"); and against John D. Stepp ("Stepp" or "Respondent Stepp") pursuant to Sections 15(b)(6), 15B(c)(4), and 21C of the Exchange Act and Section 203(f) of the Advisers Act.

II.

In anticipation of the institution of these proceedings, Respondent Central States, Respondent Detter, Respondent Malone, and Respondent Stepp (collectively "Respondents") each have submitted an Offer of Settlement (the "Offers"), all of which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b)(4), 15(b)(6), 15B(c)(2), 15B(c)(4), and 21C of the Securities Exchange Act of 1934, Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that

Summary

These proceedings arise out of the breach of fiduciary duty by Central States Capital Markets, LLC, a municipal advisor based in Prairie Village, Kansas, and its associated persons: Mark R. Detter, David K. Malone, and John D. Stepp.

In April 2011, a municipal entity (hereinafter referred to as the "City") hired Central States to serve as its municipal advisor. Throughout the remainder of 2011, Central States provided advice to the City on three separate municipal debt offerings totaling $14.68 million. The City relied on Central States to advise it on the terms of the offerings, including interest rates, the selection of underwriters, and underwriting fees. Central States assigned Detter and Malone to work with the City on behalf of the firm. Detter and Malone, in consultation with Stepp, arranged to have the City's offerings underwritten by a broker-dealer with which Detter, Malone, and Stepp were still working as registered representatives (hereinafter referred to as the "Broker-Dealer").[2] Therefore, prior to and throughout the City's 2011 municipal debt offerings, employees of Central States – including Detter, Malone, and Stepp – provided both underwriting services and municipal advisor services for the offerings.

In connection with the offerings, Central States collected $130,120 in municipal advisor fees and the Broker-Dealer collected $121,530 in underwriting fees, 90% of which it remitted to Central States. Central States then paid commissions to Detter and Malone based on both the municipal advisor services and the underwriting services they performed. However, Respondents failed to disclose to the City: (1) the fact that certain Central States employees also worked for the

[1] The findings herein are made pursuant to Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

[2] The Broker-Dealer terminated its broker-dealer registration in 2013 and is no longer in operation.

Broker-Dealer; (2) the fact that certain Central States employees were performing both municipal advisor services and underwriting services for the Offerings; and (3) the fact that certain Central States employees had a conflict of interest because they were receiving a direct financial benefit from the underwriting services. As a result, Respondents breached their fiduciary duty to the City.

Respondents

1. Central States, a Kansas limited liability company located in Prairie Village, Kansas, is currently registered with the Commission as a municipal advisor, broker-dealer, and investment adviser. From September 2011 through September 2015, Central States was registered as an investment adviser with the state of Missouri.

2. Mark R. Detter, age 47, is a resident of Andover, Kansas. From January 2011 to March 2015, Detter was a Vice President at Central States. From September 2009 through November 2011, Detter also was a registered representative of the Broker-Dealer.

3. David K. Malone, age 63, is a resident of Augusta, Kansas. Since January 2011, Malone has been a Vice President at Central States. From March 2010 through November 2011, Malone also was a registered representative of the Broker-Dealer.

4. John D. Stepp, age 66, is a resident of Ottawa, Kansas. Since August 2010, Stepp has been Central States' Managing Director and Chief Executive Officer. From January 2008 through November 2011, Stepp also was a registered representative of the Broker-Dealer.

The Fiduciary Duty of Municipal Advisors and Applicable MSRB Rules

5. Municipal advisors include financial advisors who assist municipal entities with bond offerings, reinvestment of bond proceeds and the structuring and pricing of related products. See Commission Report on the Municipal Securities Market (July 31, 2012) at 45, available at http://sec.gov/news/studies/2012/munireport073112.pdf. In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which included provisions for the registration and regulation of municipal advisers. The municipal advisor registration requirements and regulatory standards were intended to mitigate some of the problems observed with the conduct of some municipal advisors, including undisclosed conflicts of interest and failure to place the duty of loyalty to their municipal entity clients ahead of their own interests. See Registration of Municipal Advisers, SEC Release No. 34-70462 (September 20, 2013) at 6.

6. Section 15B(c)(1) of the Exchange Act, as amended by Section 975 of the Dodd-Frank Act, imposes upon municipal advisors and their associated persons a fiduciary duty to their municipal entity clients, and prohibits them from engaging in any act, practice, or course of business that is not consistent with their fiduciary duty. It is well settled that fiduciaries must act in utmost good faith, use reasonable care to avoid misleading clients, and fully and fairly disclose conflicts of interest. SEC v. Capital Gains Research Bureau, Inc., 375 U.S. 180, 194 (1963). Issues that affect a fiduciary's economic interest pose a conflict and must be disclosed to the

client. See SEC v. Wall Street Publ'g Inst., Inc., 591 F. Supp. 1070, 1084 (D.D.C. 1984). A fiduciary's failure to disclose such a conflict is a breach of the fiduciary duty that violates the federal securities laws. See Vernazza v. SEC, 327 F.3d 851, 859 (9th Cir. 2003); Belmont v. MB Inv. Partners, Inc., 708 F.3d 470 (3d Cir. 2013).

7. Municipal Securities Rulemaking Board ("MSRB") Rule G-17 states that, in the conduct of its municipal securities business, every broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice. Negligence is sufficient to establish a violation of MSRB Rule G-17. See In the Matter of Merrill Lynch, Pierce, Fenner & Smith, Inc., Exchange Act Release No. 40352, 1998 WL 518489, at *13 (Aug. 24, 1998). The MSRB has interpreted Rule G-17 to require a dealer to disclose to a customer all material facts known by the dealer at the time of a municipal securities transaction. See Interpretive Notice Regarding Rule G-17, on Disclosure of Material Facts, MSRB (March 18, 2002). The Commission has held that "[t]he failure to disclose financial and other relationships between a fiduciary of an issuer and an underwriter that create potential or actual conflicts of interest violates MSRB rule G-17." In the Matter of Lazard Freres & Co LLC, Exchange Act Release No. 39388, 1997 WL 742097, at *6 (December 3, 1997).

8. MSRB Rule G-23 currently prohibits brokers, dealers and municipal securities dealers that are acting as financial advisors on an issuance of municipal securities from underwriting that issuance. During the relevant period (i.e. prior to November 27, 2011), Rule G-23 permitted dealers acting as financial advisors to underwrite issuances of their municipal entity clients only if they first resigned from the municipal advisory engagement, disclosed the potential conflict of interest in changing roles, and obtained written acknowledgement that the disclosure was made and that the municipality consented to the change. Thus, during the relevant time period Rule G-23 did not permit dealers to act as financial advisor and underwriter at the same time. Under Rule G-23, a financial advisory relationship shall be deemed to exist when a dealer renders or enters into an agreement to provide financial advisory services or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing terms, and other similar matters concerning such issue or issues. See Guidance on the Prohibition on Underwriting Issues of Municipal Securities for Which a Financial Advisory Relationship Exists Under Rule G-23, MSRB Notice 2011-65 (November 18, 2011).

Detter, Malone, and Stepp Were Associated With Both Central States and the Broker-Dealer

9. During the relevant time period, Detter, Malone and Stepp were associated with both Central States and the Broker-Dealer. Stepp first became associated with the Broker-Dealer in 2008. In 2009, Stepp hired Detter and Malone to join him at the Broker-Dealer. As associated persons of the Broker-Dealer, Detter, Malone and Stepp provided municipal advisory and municipal underwriting services to municipal entity clients.

10. In August 2010, Stepp formed Central States with the intention of separating from the Broker-Dealer and taking the municipal advisory and underwriting business he managed with him

to the new entity. In September 2010, Stepp filed an application for Central States to become a registered municipal advisor with the MSRB, which was approved on March 7, 2011. In February 2011, Stepp filed form MA-T for Central States' initial, temporary registration as a municipal advisor with the Commission. Stepp also filed applications for Central States to become a registered broker-dealer, which were not approved until September 13, 2011.

11. In January 2011, Stepp hired Detter and Malone to work at Central States to provide municipal advisory services to municipal entity clients. However, because Central States broker-dealer registration was still pending it was unable to provide broker-dealer services to municipal entity clients. Detter, Malone, and Stepp had previously executed "Independent Representative Agreements" with the Broker-Dealer pursuant to which they could perform certain brokerage services. Thus, from January 2011 through November 2011, Detter, Malone, and Stepp remained registered representatives of the Broker-Dealer while they were also working for Central States as municipal advisors.

Central States Is Hired by the City to Provide Municipal Advisory Services

12. In March 2011, the City decided to hire a municipal advisor to assist with future municipal bond offerings. Detter and Malone prepared and presented a proposal on behalf of Central States to provide municipal advisory services to the City. The proposal stated that Central States would, among other things, procure underwriting services for the City's municipal bond offerings. On April 18th, the City Council approved and entered into an advisory agreement with Central States. Under the terms of the agreement, Central States agreed to "devise and recommend…a plan of financing…under terms and conditions most advantageous to the City…"

13. Between May and September 2011, the City issued two sets of Temporary Improvement Notes and one set of General Obligation Refunding Bonds (hereinafter collectively referred to as the "Offerings"). For each of the Offerings, Central States, through Detter and Malone, acted as the City's municipal advisor, with Detter acting as the City's primary contact. Specifically, Detter and Malone developed various financing structures the City could use to fund public infrastructure projects and drafted the official statement for each Offering.

14. As part of the municipal advisory services they were providing to the City, Detter and Malone also procured underwriting services for the Offerings. They did not, however, conduct a negotiated or competitive bidding process for the selection of the underwriter. Instead they selected the Broker-Dealer to act as the underwriter for the Offerings.

Respondents Breached Their Fiduciary Duty to the City

15. Although the Broker-Dealer was nominally listed as the underwriter in the official statements for the Offerings, the associated persons of the Broker-Dealer who provided the underwriting services were all full-time employees of Central States. Detter and Malone, in consultation with Stepp, set the terms for the Offerings, including the interest rate the City would pay on the bonds. Stepp, ostensibly acting pursuant to his "Independent Representative

Agreement" with the Broker-Dealer, decided the rate at which the bonds would be offered and the underwriting fee that the City would pay. Once the bonds were offered, Central States employees, including Stepp, offered and sold the bonds to investors.

16. Once each offering was complete, Detter prepared separate invoices for the municipal advisory services and underwriting services performed in connection with the Offerings, placing each on distinct letterhead for Central States and the Broker-Dealer. In total, the City paid Central States $130,117 in municipal advisory fees in connection with the Offerings. The City also paid the Broker-Dealer $121,530 in underwriting fees in connection with the Offerings. However, pursuant to a previous agreement, the Broker-Dealer passed through 90% of the underwriting fees to Central States. Central States then paid Detter and Malone commissions based on both the municipal advisory fees and underwriting fees.

17. Detter and Malone were aware of the conflict posed by performing both municipal advisor services and underwriting services for the Offerings. For example, in an April 2011 email from Detter to Malone, Detter wrote: "if we are going to charge an [advisory] fee and [the City's administrator] keeps calling us [municipal advisors], should we not resign as [municipal advisors] to [underwrite] this issue? Out of an abundance of caution I believe we should resign…." Detter even attached draft documents advising the City that they were resigning as municipal advisor, discussing MSRB Rule G-23 and the conflict of interest issue, and requesting the City's consent to their change of role from municipal advisor to underwriter. However, neither Detter nor Malone ever sent the documents to the City.

18. Detter and Malone failed to disclose the dual role of certain Central States employees when drafting the official statements and offering circulars for the Offerings. The documents, drafted by Detter and Malone, identified Central States as the municipal advisor and the Broker-Dealer as the underwriter but did not disclose that some of the same individuals would be performing the functions of both municipal advisor and underwriter on the offerings or that the individuals providing advice to the City had a direct financial interest in the underwriting of the Offerings. Detter and Malone also failed to disclose the conflict during various city council meetings they attended during which the council considered the municipal advisor relationship or the Offerings.

19. Detter also failed to disclose the dual role of certain Central States employees when a representative of the City specifically asked him whether there was any connection between Central States and the Broker-Dealer. Detter stated that Central States and the Broker-Dealer were separate entities but he did not disclose that some of the people performing the functions of an underwriter were also Central States employees.

20. Stepp, despite being aware of the fact that Central States employees were performing both municipal advisor and underwriting services for the City, did not verify with the City whether Detter or Malone properly disclosed the conflict.

21. Respondents therefore breached their fiduciary duty to the City by failing to disclose: (a) the fact that certain Central States employees also worked for the Broker-Dealer; (b) the fact

that certain Central States employees were performing both municipal advisor services and underwriting services for the Offerings; and (c) the fact that certain Central States employees had a conflict of interest because they were receiving a direct financial benefit from the underwriting services.

Violations

22. As a result of the conduct described above, Respondent Central States willfully violated Section 15B(c)(1) of the Exchange Act and MSRB Rule G-17 thereunder, and Respondent Detter, Respondent Malone, and Respondent Stepp willfully[3] violated Section 15B(c)(1) of the Exchange Act and MSRB Rules G-17 and G-23 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED:,

A. Pursuant to Sections 15(b)(4), 15B(c)(2), and 21C of the Exchange Act and Section 203(e) of the Advisers Act, Respondent Central States:

(1) shall cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rule G-17 thereunder;

(2) is censured;

(3) shall pay disgorgement of $251,650 and prejudgment interest of $38,177.80 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3); and

(4) shall pay a civil money penalty in the amount of $85,000 to the Commission, of which $8,500 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining $76,500 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

B. Pursuant to Sections 15(b)(6), 15B(c)(4), and 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, Respondent Detter:

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[3] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

(1) shall cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rules G-17 and G-23 thereunder;

(2) be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization with the right to apply for reentry after two years to the appropriate self-regulatory organization, or if there is none, to the Commission;

(3) be, and hereby is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, with the right to apply for reentry after two years to the appropriate self-regulatory organization, or if there is none, to the Commission; and

(4) shall pay a civil money penalty in the amount of $25,000 to the Commission, of which $2,500 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining $22,500 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

C. Any reapplication for association by Respondent Detter will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Respondent Detter, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Pursuant to Sections 15(b)(6), 15B(c)(4), and 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, Respondent Malone:

(1) shall cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rules G-17 and G-23 thereunder;

(2) be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization with the right to apply for reentry after one

year to the appropriate self-regulatory organization, or if there is none, to the Commission;

(3) be, and hereby is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, with the right to apply for reentry after one year to the appropriate self-regulatory organization, or if there is none, to the Commission; and

(4) shall pay a civil money penalty in the amount of $20,000 to the Commission, of which $2,000 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining $18,000 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

E. Any reapplication for association by Respondent Malone will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Respondent Malone, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

F. Pursuant to Sections 15(b)(6), 15B(c)(4), and 21C of the Exchange Act and Section 203(e) of the Advisers Act, Respondent Stepp:

(1) shall cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rules G-17 and G-23 thereunder;

(2) be, and hereby is, subject to the following limitations on his activities for a period of six months effective on the second Monday following entry of this order: Respondent Stepp shall not act in a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization for the time period specified above.

(3) shall pay a civil money penalty in the amount of $17,500 to the Commission, of which $1,750 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining $15,750 shall be

transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

G. Respondents' payment of the above disgorgement, prejudgment interest, and/or civil penalty amounts shall be made in the following installments: one-third within 14 days of the entry of this Order, one-third within six months of the entry of this order, and the remainder within twelve months of the entry of this order. If any payment is not made by the date required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and/or civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Central States, Detter, Malone, or Stepp as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to LeeAnn Ghazil Gaunt, Chief, Municipal Securities and Public Pensions Unit, Securities and Exchange Commission, 33 Arch Street, 23rd Floor, Boston, MA 02110-1424.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be

deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents Detter, Malone, and Stepp, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Detter, Malone, and Stepp under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents Detter, Malone, and Stepp of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary